



## Convention to Combat Desertification

Distr.: General  
18 July 2011

Original: English

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### Conference of the Parties

#### Tenth session

Changwon, Republic of Korea, 10–21 October 2011

Item 8 (b) of the provisional agenda

#### Follow-up to the assessment of the Global Mechanism by the Joint Inspection Unit

#### Evaluation of existing and potential reporting, accountability and institutional arrangements for the Global Mechanism

### Implementation of decision 6/COP.9 - Evaluation of the Global Mechanism

#### Report by the Bureau of the Conference of the Parties at its ninth session

#### *Summary*

By its decision 6/COP.9 on the Joint Inspection Unit report on the assessment of the Global Mechanism (GM), the Conference of the Parties (COP) requested the Bureau of the Conference to undertake and supervise an evaluation of existing and potential reporting, accountability and institutional arrangements for the GM and to present to the COP at its tenth session (COP 10) a report on this evaluation for consideration and decision.

In complying with this request, the COP Bureau expressed the wish to rely on external assistance for the submission of key inputs required for the delivery of its mandate. The COP Bureau accordingly drafted terms of reference of a consultancy service and a road map for the preparation of its report to COP 10.

The present report on the evaluation of the GM was adopted by the COP 9 Bureau at its fifth intersessional meeting held on 23 and 24 May 2011. The report is submitted to Parties for final consideration at COP 10 and is issued as received and without further editing.

This document should be read in connection with the documents presented in annex 1.

**UNITED NATIONS CONVENTION TO COMBAT DESERTIFICATION**

**REPORT BY THE BUREAU OF THE NINTH CONFERENCE OF THE PARTIES**

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**Evaluation of the  
Global Mechanism**

**Implementation of Decision Six of the  
Ninth Conference of the Parties to the  
United Nations Convention to Combat Desertification**

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## I. Introduction

1. The assessment of the Global Mechanism by the Joint Inspection Unit of the United Nations (JIU) was mandated by the eight session of the Conference of the Parties which, in its decision 3/COP.8, paragraph 27, requested an assessment of the GM with recommendations to be undertaken by the JIU, to be submitted to COP 9 for consideration

2. The JIU carried out its mandate and presented its report (JIU/REP/2009/4) to the ninth session of the Conference of the Parties, which was welcomed by Parties in decision 6/COP9.

3. By its decision 6/COP.9 on the follow up to the JIU report on the assessment of the Global Mechanism of the UNCCD, the Conference of Parties requested:

(a) The COP 9 Bureau, together with the Managing Director of the GM and the Executive Secretary, and taking into account the views of other interested relevant entities such as the host countries and International Fund for Agricultural Development, to undertake and supervise an evaluation of existing and potential reporting, accountability and institutional arrangements for the GM and their legal and financial implications, including the possibility of identifying a new institution/ organization to house the GM, taking into account the scenarios presented in the JIU assessment of the GM (document JIU/REP/2009/4) and the need to avoid duplication and overlap in the work of the secretariat and the GM; and

(b) the COP Bureau to present to COP 10 a report on this evaluation for consideration and decision on the issue of GM reporting, accountability and institutional arrangements.

4. The COP9 Bureau together with the Managing Director of the GM and the Executive Secretary, and taking into account the views of other interested relevant entities such as the host countries and International Fund for Agricultural Development, took action as requested in accordance with the requirements of operational paragraph 9 of Decision 6/COP9 as delineated in 3 (a) above, to undertake and supervise such an evaluation.

5. In doing so, the Bureau took into full consideration further provision of decision 6/COP.9, particularly the following:

(a) *Stressing the need to ensure accountability, efficiency, effectiveness, transparency and institutional coherence in the delivery of services by the Convention's institutions and bodies for the implementation of the Convention and its 10-year Strategy, in line with the relevant provisions of decision 3/COP.8*

(b) *Determined to avoid duplication and overlapping in activities and promote complementarities between the GM and the secretariat with a view to enhancing cooperation and coordination and to using efficiently the Convention resources*

(c) *Stressing further the need to clarify the GM's reporting lines to the Conference of the Parties (COP) in conformity with article 21 paragraph 5 (d) of the Convention*

(d) *Noting the urgent need to address the issue of leadership, coordination, responsibility, communication, reporting and management through a clearly defined institutional setting*

6. As a process management body entrusted with an intersessional task, the Bureau expressed the wish to rely on external assistance for the submission of key input required for the delivery of its mandate, ranging from thematic research to targeted report

elaboration and technical papers drafting. It further agreed in that regard to obtain such assistance in the form of a team of consultants. The methodology to be followed by the consultants in the preparation of their Report as well as the review process of the Consultants' report by the Bureau, were established through consultation and agreement among all Bureau Members.

7. The Bureau further considered and adopted the terms of reference of such consultancy and agreed on a road map delineated for the preparation of its Report to COP 10.

8. As requested by the Bureau the Secretariat mobilized the financial resources required for the funding of the identified needs.

9. Two Consultants with the relevant credentials were chosen by the Bureau, through an open and transparent application process and were required to present a Zero draft indicating the proposed structure of their report.

10. The Consultants presented a first and second draft reports, on the basis of the previously agreed structure, for consideration by the Bureau at its inter-sessional meetings held in November 2010 and February 2011 respectively. Building upon the comments of the Bureau as expressed at those sessions and further exchanges, a final report was submitted by the consultants in February 2011.

11. The present report has been elaborated by the COP9 Bureau through the comparative analysis of information assessed, in line with the mandate provided by decision COP9/6. It has further built upon the evidence provided by its Consultants with full consideration of the views and contributions provided by "interested relevant entities", as well as the case before the International Court of Justice referred to below.

## **II. Core Legal Background at consideration**

### **A. The relevant provisions of the Convention**

12. It is important to underline that the UNCCD did not create a "Financial Mechanism" for the Convention. Instead by its Article 21 (1) it declared that the Conference of the Parties shall promote the availability of financial mechanisms and shall encourage such mechanisms to seek to maximize the availability of funding for affected developing country Parties, particularly those in Africa, to implement the Convention.

13. By Article 21 (4) the Convention established a Global Mechanism in order to increase the effectiveness and efficiency of existing financial mechanisms, and towards this end to promote actions leading to the mobilization and channelling of substantial financial resources, including for the transfer of technology, on a grant basis, and/or on concessional or other terms, to affected developing country.

14. In doing so, the Convention expressly stated that the Global Mechanism shall function under the authority and guidance of the Conference of the Parties and be accountable to it. The Conference of the Parties was required to identify, at its first ordinary session, an organization to house the Global Mechanism for the purpose of the "administrative operations of the Global Mechanism", and for the Conference of the Parties and the organization it has identified to agree upon modalities for this Global Mechanism to ensure inter alia that such Mechanism:

*(a) identifies and draws up an inventory of relevant bilateral and multilateral cooperation programmes that are available to implement the Convention;*

(b) *provides advice, on request, to Parties on innovative methods of financing and sources of financial assistance and on improving the coordination of cooperation activities at the national level;*

(c) *provides interested Parties and relevant intergovernmental and non-governmental organizations with information on available sources of funds and on funding patterns in order to facilitate coordination among them; and*

(d) *reports to the Conference of the Parties, beginning at its second ordinary session, on its activities.*

15. The following core institutional considerations stemming from the text of the convention should also be noted:

(a) By Article 22, the Convention established a Conference of Parties which is the supreme body of the Convention and empowers it to make decisions necessary to promote the effective implementation of the Convention;

(b) By Article 23, a Permanent Secretariat was established empowered, inter alia, to make arrangements for sessions of the Conference of the Parties and its subsidiary bodies established under the Convention *and to provide them with services as required;*

(c) Section IV of the Convention on “Institutions” only establishes three institutions, namely, the COP ( Art. 22); the Permanent Secretariat ( Art.23) and the Committee on Science and Technology ( Art. 24). The GM is established under Section III of the Convention dealing with Supporting Measures. This is likely to have implications for the relative legal competences of the GM and the Permanent Secretariat, in the context of the GM practices that have developed over the past decade, assigning to itself what amounts to a distinct corporate personality, as set out in the following sections.

16. Finally, it is also important to note that Rule 34 (2) of the COP Rules of Procedure specifically states that “*the head of the Permanent Secretariat shall arrange for the provision of staff and services required by the Conference of the Parties and its subsidiary bodies, within available resources. The head of the Permanent Secretariat shall manage and direct such staff and services and provide appropriate support and advice to the presiding and other officers of the Conference of the Parties and of its subsidiary bodies*” (Decision 1/COP.1). It is thus self evident that the appointment and management of GM staff by the President of IFAD contravenes the COP Rules of Procedure.

## **B. Convention empowers the COP to introduce measures to resolve questions on implementation**

17. Article 27 of the Convention provides that “The Conference of the Parties shall consider and adopt procedures and institutional mechanisms for the resolution of questions that may arise with regard to the implementation of the Convention.” The COP is therefore fully entitled to adopt a Decision aimed at resolving problems concerning the implementation of the Convention, arising from governance, accountability and institutional arrangements relating to the GM.

## **C. Memorandum of Understanding between the Conference of Parties and the International Fund for Agricultural Development (IFAD)**

18. By Decision 24/COP.1, the COP decided to select the International Fund for Agricultural Development (IFAD) to house the Global Mechanism and by Decision COP

3/10 it adopted the memorandum of understanding annexed to the decision, thereby bringing it into force.

19. The MOU between the COP and IFAD relating to housing the GM, approved by the COP by its Decision 10/COP.3, contains several provisions, which have governed the GM relations with its housing institution as well as the UNCCD institutions and bodies. As further developed under section 3 below on “Provisions of the Memorandum of Understanding between the Conference of Parties and the International Fund for Agricultural Development (IFAD)” these provisions are central to GM governance, accountability and reporting challenges.

#### **D. COP decisions requesting the GM and the Permanent Secretariat to function collectively and cohesively**

20. Although successive COP decisions have enjoined the GM to work in close cooperation with the Secretariat, these subsidiary bodies have not yet established any systemic or institutional relations beyond the minimum requirements established through joint reporting obligations. Some overlapping areas of work have been identified through the Joint Work Programme (JWP). However, progress in coordinating such efforts remains ad hoc and limited and the outputs are focused on process and the fulfilment of reporting requirements rather than on continual consultation and collaboration, resulting in persistent duplication of efforts. Compounding these trends and counter to the Convention’s unified public portrayal are, for example, the GM’s development of its own separate visual identity and public image, its individual programmatic focus (Integrated Financing Strategies) and resource mobilization efforts, separate from those of the Secretariat’s and the Convention as a whole.

21. The Current institutional dichotomy between the GM and the Permanent Secretariat that have developed over a period of a decade or more, likewise contradict the “Delivering as One” approach of the UN, as well as the financial rules and regulations of the United Nations which, for example, require financial matters to be under the close oversight, scrutiny and direction of the authorized body, which in regard to the UNCCD is its Conference of Parties.

#### **E. Key findings of previous assessments of the GM’s activities**

22. Several assessment of the GM activities have been undertaken either upon a specific request of the UNCCD governing bodies or following independent initiatives of major funding partners, such as the evaluation undertaken by the World Bank through its Development Grant Facility. The key findings of these evaluations are listed below.

(a) “In practice, the GM has sort of reshaped its working modality to achieve its mandate on resource mobilisation by becoming a sort of specialized think tank undertaking substantive research on environment- related topics” (JIU, 2009, p. 10)“The lack of coordination in servicing the needs of Parties has led both the Secretariat and the GM to develop most of their work programmes on their own, translating into a steady diversification of functions and compromising the increased returns that would naturally derive from a specialization of functions, building on complementarities.”<sup>1</sup>

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<sup>1</sup> CCD/COP(9)/9 JIU, 2009.



(b) “The GM has not accomplished the primary goal of resource mobilization and diversification. Instead, it has made the choice to focus on demand side structuring through its “mainstreaming” approach.”<sup>2</sup>

(c) “To support resource mobilization efforts, the GM has addressed issues that hamper funding potential (e.g., mainstreaming UNCCD objectives into development policy frameworks), even though they fall outside of its core mandate.”<sup>3</sup>

(d) “The GM has succeeded in mobilizing resources for administration and planning processes while it has not yet succeeded in mobilizing substantial investment financing.”(World Bank, 2003, p. 7)

(e) “The GM has received many definitions and directions from the COP about its mandate, some apparently contradictory”<sup>4</sup>

(f) “By requesting the GM to respond to the demands of the affected Parties, the COP has in many instances encouraged the multiplication of GM activities while not ensuring that adequate financing and resources are made available for such an extension of the GM’s mandate.”<sup>5</sup>

(g) “While the COP has been clear as to the GM’s overall mandate in the text of the Convention, a number of its subsequent decisions have resulted in confusion over the role the GM should play in carrying it out.”<sup>6</sup>

(h) “COP has sent mixed signals to the GM through many detailed directives, emphasizing the GM’s obligation to be fully ‘demand-driven’ while concurrently requesting it to set priorities. This has made prioritization and attention to influencing major financial flows difficult.”<sup>7</sup>

(i) “While the GM can be fully ‘demand driven’ in providing information on request, it does not have the capacity to respond to all demands for financing large desertification-related projects.”<sup>8</sup>

### **III. Consequences and flaws of the MoU between the COP and IFAD**

#### **A. Provisions of the Memorandum of Understanding between the Conference of Parties and the International Fund for Agricultural Development (IFAD)**

23. By Decision 24/COP.1, the COP decided to select the International Fund for Agricultural Development (IFAD) to house the Global Mechanism and by Decision COP

<sup>2</sup> ICCD/CRIC(2)/5.

<sup>3</sup> ICCD/COP(6)/MISC.1 Independent Evaluation of the Global Mechanism Final Report to the World Bank Development Grant Facility. Submitted by the Evaluation Team on 26 June 2003. COP6

<sup>4</sup> ICCD/CRIC(2)/5.

<sup>5</sup> ICCD/CRIC(2)/5.

<sup>6</sup> ICCD/COP(6)/MISC.1 Independent Evaluation of the Global Mechanism Final Report to the World Bank Development Grant Facility. Submitted by the Evaluation Team on 26 June 2003. COP6.

<sup>7</sup> ICCD/COP(6)/MISC.1 Independent Evaluation of the Global Mechanism Final Report to the World Bank Development Grant Facility. Submitted by the Evaluation Team on 26 June 2003. COP6.

<sup>8</sup> ICCD/COP(6)/MISC.1 Independent Evaluation of the Global Mechanism Final Report to the World Bank Development Grant Facility. Submitted by the Evaluation Team on 26 June 2003. COP6.

3/10 Adopted the memorandum of understanding annexed to the decision, thereby bringing it into force.

24. The 1997 MOU between the COP and IFAD on the housing the GM as approved by Decision 10/COP.3, contains the following provisions ( emphasis added) which have governed the GM relations with the IFAD, the COP, the Permanent Secretariat and other convention institutions. Such provisions lay at the heart of the GM' governance, accountability and reporting challenges

(a) While the Global Mechanism will have a separate identity within the Fund, **it will be an organic part of the structure of the Fund** directly under the President of the Fund.

(b) With respect to the funds received by IFAD under (a), (b) and (c)<sup>9</sup> above, all these amounts will be received, held and disbursed and the said accounts **will be administered by the Fund in accordance with the rules and procedures of the Fund**, including those applicable to the management of the Fund's own supplementary funds (trust funds)

(c) The Managing Director of the Global Mechanism (hereinafter called "the Managing Director") will be **nominated by the Administrator of UNDP and appointed by the President of the Fund**

(d) The Managing Director, in discharging his or her responsibilities, **will report directly to the President of IFAD**

(e) **The chain of accountability will run directly from the Managing Director to the President of the Fund to the Conference of the Parties.** The Managing Director will submit reports to the Conference on behalf of the President of the Fund

(f) The Managing Director will be responsible for preparing the programme of work and budget of the Global Mechanism, including proposed staffing, **which will be reviewed and approved by the President of the Fund** before being forwarded to the Executive Secretary For transmission as received to the COP

(g) The **Managing Director, on behalf of the President of the Fund**, will submit a report to each ordinary session of the Conference on the activities of the Global Mechanism. Such reports which will be submitted to the Executive Secretary for circulation to the Conference"

25. All of the consideration above clearly point out at the need to review and amend, as necessary, the 1997 MOU between the COP and IFAD, as provided for in its Section VII (D): "The present Memorandum of Understanding may be revised by mutual consent in writing between the Conference and the Fund.

## **B. Consequences of the MOU between the COP and IFAD**

26. The following consequences of the above mentioned provisions of the MOU , have a direct bearing on the governance, reporting and accountability problems relating to the GM and institutional dissonance that has characterised GM's relations with the COP, the Permanent Secretariat and other Convention institutions underscored in Decision 6/COP9.

27. Appointment of staff by IFAD in contravention of the COP Rules of Procedure

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<sup>9</sup> ICCD/COP(2)/4/Add.1 and IFAD Executive Board – Sixty-Sixth Session. EB 99/66/INF.10.

(a) The staff of the GM are appointed and managed by IFAD and are deemed to be staff of IFAD and report to the Managing Director of the GM, who is himself a staff member of IFAD.

(b) The Managing Director is appointed by the President of the IFAD upon nomination by the Administrator of UNDP thus removing any connection between the Managing Director and the COP

28. Inconsistencies of the MoU with the Convention

(a) The institutional arrangement which establishes the GM as an “organic part” of the structure of IFAD, provides for all funds of the GM (other than those core funds provided by the COP) to be administered by IFAD in accordance with its rules and procedures. This have placed the management of funds mobilized by the GM under the exclusive authority of the President of IFAD, in direct contravention of the Provisions of Article 21 of the Convention

(b) The reporting and accountability lines of the GM to run through the President of IFAD, places the GM within the functional authority of the IFAD, which is contrary to the express provisions of Article 21 (4) stating that the “Global Mechanism shall function under the authority and guidance of the Conference of the Parties and be accountable to it.”

29. Other flaws of the MoU

The other serious flaws of the MOU are that it:

(a) Requires the Managing Director to report directly to the President of IFAD<sup>10</sup>

(b) Requires the chain of accountability to run directly from the Managing Director to the President of the Fund to the Conference of the Parties

(c) Requires the programme of work and budget of the Global Mechanism, including proposed staffing prepared by the DG/GM to be reviewed and approved by the President of the Fund before being forwarded to the Executive Secretary for transmission to the COP as received.

(d) Requires the Managing Director to submit reports to the COP on behalf of the President of IFAD.

30. As a result, the GM does not consult with any other subsidiary body of the Convention on the development and implementation of its programme of work funded by extra-budgetary or voluntary contributions in two of its three accounts. Indeed, the GM has not reported to the COP or the CRIC on these two accounts or their respective uses for over ten years and until directed to do so by the COP at its Ninth Session of the Conference of the Parties.

31. Furthermore, the above dichotomous institutional structure, referred to in the 2009 JIU Report as the “dilemma of the dual supporting structure” has allowed for diverging interpretations on the scope of the mandate of the convention’s institutions. For instance, both the JIU and the Bureau consultants have underlined that the GM sustains that it is entitled and authorised to act at (sub-) regional, national and local levels independently of the Secretariat, whereas the Secretariat should focus exclusively on the global level. Such a clear cut interpretation may however not be supported by the text of the Convention or the decisions of the COP. The GM further sustains that it is entitled to rely for that purpose, on

<sup>10</sup> Also see Section 4 of this report on “Governance and oversight of the GM as exercised by IFAD (including the issue of the Technical Advisory Group)”.

the extra-budgetary resources it had mobilized, under the guidance of the President of the IFAD and therefore outside of the oversight and direction of the COP.

**C. IFAD distances itself from the management responsibilities expressed in the MOU**

32. IFAD has informed the Bureau at its fourth intersessional session that it wishes to completely revise the MOU to remove the contradictions and inconsistencies in the MOU and to absolve itself of any management responsibilities over the GM and its staff and as well as liability for any of actions of the GM, and notifying the Bureau that any future provision of amenities to the GM will be based on payment of appropriate charges. IFAD's current stand on relations with the GM is also the result of the case currently before the ICJ in appeal from a decision of the ILO Administrative Tribunal.

**D. Legal issues arising from the MoU: ICJ and ILOAT court cases**

33. In February 2010, the Administrative Tribunal of the International Labour Organization (ILOAT) delivered a judgement against IFAD in favour of a former GM staff member who was terminated by the GM Managing Director in 2006 and was subsequently awarded material damages equivalent to at least 450,000 USD. In its decision, the Tribunal declared that "the Global Mechanism is to be assimilated to the various administrative units of the Fund for all administrative purposes" and that "the administrative decisions taken by the Managing Director in relation to staff in the Global Mechanism are, in law, decisions of the Fund".

34. The appeal of IFAD against this decision is currently before the ICJ and is due to be heard in 2011. In presenting its case to both the ILOAT and the ICJ, IFAD has reaffirmed that it is not in any way responsible for the actions of the GM or its staff, and that it solely provides administrative support for the GM, including management of its three accounts, logistical support and facilities, for which the GM makes a contributory payment through its core budget.

35. If IFAD's appeal is not successful, it will be held liable to cover up to nearly half a million USD in material damages caused by the GM. Whether IFAD would, in such a situation, request reimbursement of this sum from the GM or COP and if so, on what grounds, is yet to be seen. If, on the other hand, the appeal is successful, it will relieve IFAD of any liability arising from future actions of the GM and its staff. In such a situation the questions arises as to which body will be held liable. Since the GM has been established by the Convention, there is a possibility that the COP would be held liable for the actions of the GM. That will give rise to a serious anomaly, as the COP does not have full oversight over the staff of the GM, as they are, under the current MOU with IFAD, staff of IFAD under the management of the President of IFAD.

36. IFAD also requested the Bureau of the COP to provide comments in the context of the case before the ICJ. Following a legal advise requested by the Bureau and provided by the United Nations Office of Legal Affairs (OLA) through the secretariat and further consideration of the matter, the Bureau declined any such involvement at this late stage of the process, on the grounds that the COP had never been informed before of such process by either IFAD or the Global Mechanism.

37. It appears that the only way that the COP could exercise its control of the GM and its staff would be to terminate or amend the MoU with the IFAD and have the staff of the GM appointed by the Executive Secretary, in the same way that other Convention staff are appointed and administered by the Secretariat.

38. It is also worth mentioning that beyond matters pertaining to strict staff contractual arrangement, OLA has also advised that the Global Mechanism has not been entrusted with the legal personality to enter into legally-binding agreements unless this is done within the authority delegated by the President of IFAD to the Managing Director in accordance with IFAD's rules and regulations<sup>11</sup>. Under these conditions, legal contractual agreements signed by the GM were contracted without the required governance and possible liability arising from them may be opposable to the COP.

39. The importance of the legal matters above and, foremost, their potential impact on the UNCCD process legal and financial wise, exemplifies the urgent need to address these challenges and the need to agree on an enhanced institutional coherence for the Convention.

#### **IV. Evaluation of existing governance, reporting, accountability and institutional arrangements and relations\***

##### **A. Impacts of COP decisions requesting the GM and the Permanent Secretariat to function collectively and cohesively (including the Facilitation Committee)**

40. The COP Decisions requiring the GM to cooperate with the Secretariat in fulfilling its obligations, many of which introduced reporting requirements, increased substantially during the ninth session of the COP, probably as a result of the JIU assessment report and in an attempt to address the gap in cohesion between the two bodies. However, most COP Decisions requesting activities to be carried out jointly by both the GM and Secretariat do not specify which body holds the primary responsibility for ensuring their execution, and thus accountability to the COP, which has led to increased complexity and confusion in regard to accountability, as pointed out in the Evaluation Report<sup>12</sup> as well as the 2009 JIU report.

41. The 10-year Strategic Plan and Framework to enhance the Implementation of the Convention ('the Strategy') adopted by Decision 3/COP 8 in 2008 for the period 2008–2018, directed the Executive Secretary and the GM, within their respective mandates, to implement the Strategy in order to ensure consistency and complementarity in the delivery of services, to strengthen their coordination and cooperation and to develop indicators of successful cooperation in their RBM-based joint work programme even though it did not clarify the respective roles relating to resource mobilisation in terms of fund-raising in addition to relations with the GEF, policy framework, capacity building and regional cooperation, to name a few areas of work.

42. Despite the introduction of the Strategy and many previous COP decisions requiring the GM and the Permanent Secretariat to cooperate, it is evident that the expected cooperation has not been achieved resulting in lack of full disclosure and accountability of the GM to the COP. Even though, commencing with its Third Session, the COP has introduced at least 22 Decisions which request the GM and Secretariat to implement various activities and functions jointly, little or no progress has been made towards

<sup>11</sup> ICCD/COP(9)/9/Add.2.

\*The GM questioned the accuracy of some information in tables 1 and 2 as taken from the consultants' report: see ICCD/COP(10)/Inf. 6 on the management response of the GM Managing Director.

<sup>12</sup> ICCD/COP(10)/Inf.2.

institutionalized cooperation and delivery as one by the GM and the Permanent Secretariat, due almost entirely to (i) the MOU which established the GM as an “organic part of the structure of the IFAD”, (ii) the absence of a COP-directed, procedural or institutional arrangement to ensure cooperation and joint implementation and the ensuing interpretation of statutory requirements, whereby the GM considers that it is not expressly required by the COP to report to it on the mobilization and deployment of the extra-budgetary funds that it places in its second and third Trust Funds.

## **B. The GM operations and the question of the required support to National Action Programmes (NAPs)**

43. The support of NAPs has been a primary function delegated to the GM in at least eleven COP decisions since its establishment as part of its core mandate to promote actions in order to mobilise and channel resources for implementation of the Convention (Art. 21, para. 4). With the arrival of the new Managing Director in 2005, the GM elaborated a new Operational strategy also known as Consolidated Strategy and Enhanced Approach (CSEA), introduced at the fourth CRIC and seventh COP in the same year, which highlighted the importance of aligning national action programmes (NAPs) with overarching national development frameworks. This strategy placed the development of Integrated Financing Strategies at the forefront of the GM’s resource mobilisation work as a way to more comprehensively develop “an enabling environment for investment and finance for sustainable land management”.

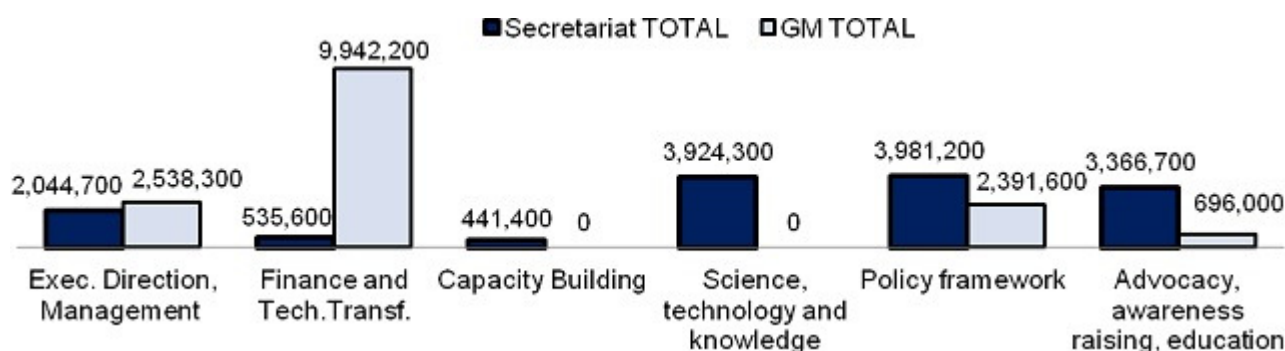
44. The increased focus on its IFS approach has led the GM to shift its support away from NAPs, instead of developing a tool which fully supports and complements the NAP alignment process. The reasons for this once again point to the current institutional arrangement which has allowed the GM to act independently from the other subsidiary bodies. Until the introduction of the CSEA, the GM had focused much of its work on the allocation of small-scale grants to support NAP elaboration according to Article 9 of the Convention, out of funds from the GM’s third account, namely the Special Resources for CCD Finance Account (SRCF). However, after approval of the GM’s CSEA by COP7, the GM informed IFAD’s Executive Board, “that it was the intention of the COP that the funds held in the third account no longer be used only for grants, and that the Global Mechanism should be able to disburse them directly... subject to the agreement of donors who have made contributions to the third account.” The GM also requested that IFAD authorize it to “use the remaining proceeds of grants received from IFAD... and held in the third account for direct disbursement... in accordance with its new consolidated strategy and enhanced approach.” These requests which were approved by the IFAD Executive Board, without explicit approval from or the knowledge of the COP resulted in rendering the GM financially independent of the COP and confirmed the discontinuation of its financial support to the NAPs. Although numerous COP decisions have required the GM and Secretariat to work together to focus on NAPs, the GM’s development of its new strategic approach focused on IFS was carried out independently of the COP, CRIC, or other subsidiary bodies and effectively brought into existence a second ‘mainstreaming’ tool developed outside of the Convention process.

45. It has also been noted that IFS is in fact an implementation tool and encompass all the constitutive elements of an interaction and fund-raising platform with country Parties. An additional source of lack of clarity in the role of the GM vis-à-vis the NAP alignment process might be the sharp difference in the GM’s understanding of its role in regard to resource mobilisation. For example, according to Decision 7/COP.8, the Executive Secretary and the GM are to bring to the attention of donors the importance of financial support for national reporting, particularly from the Global Environment Facility

(GEF). However, apart from implementation of IFS at the country level, there has been no recorded action or initiative from the GM to mobilize resources for the NAP processes since 2006. It has also been noted that the Secretariat initiated consultation with the GEF in order to secure funding for the implementation of The Strategy under the new System for the transparent allocation of resources (STAR) and the provision of earmarked resources for enabling activities under the Convention, without the engagement of the GM.

46. The table below demonstrates the resources being allocated simultaneously by both the GM and the Secretariat to a number of core areas of work, according to operational objectives, much of which is not being effectively coordinated. Reporting to COP9 indicated that both the Secretariat and GM allocate to the operational objectives categories of executive direction, management, policy framework; finance and technology transfer; policy framework and advocacy, awareness raising, education.

Figure 1  
**2010–2011 Budget Allocations According to Operational Objectives (EUR)**



Reference: Decision 9/COP.9, table 1, Decision 9/COP.9, Annex I Work Programmes; COP(9)/5

**C. Effectiveness of the introduction of the RBM approach and the JWP**

47. The use of Results-Based Management (RBM) and Results-Based Budgeting (RBB) reporting standards and principles suggested in the JIU assessment report of 2005 were incorporated as a goal of the 10-Year Strategy adopted by the COP in 2008. In addition, instead of individual reports prepared in parallel by each subsidiary body, as done in the past, COP9 in 2009 introduced joint reporting requirements of the GM and the Secretariat, including a total work programme and total cost estimate (biennium and medium-term) according to RBM principles, in addition to requiring the development of a Joint Work Programme (JWP) previously introduced during COP8. The resulting 2010–2011 consolidated programme and budget presented at COP9 implemented an RBM and RBB format for the first time, which required a standardisation of reporting styles between the GM and Secretariat. Such a step has potentially improved transparency between the Convention bodies and the level of detail of input, especially related to the finances of the Convention. However, the GM and Secretariat are only required to fulfill RBM-based reporting requirements sessionally and intersessionally in preparation for COP and CRIC meetings and does not provide an institutionalized scheme for continual day-to-day cooperation in regard to decision making, communication, relations with international

bodies and donors, resource mobilization, capacity building and outreach and other crucial areas of programme development and implementation.

48. The introduction of the Joint Work Programme (JWP) of the Secretariat and GM - likewise according to RBM/RBB principles - has equally required closer, although short-term and ad-hoc, cooperation between the GM and the Secretariat. However, the JWP represents a minimum requirement for demonstrating cooperation and must be seen as a tool for initiating collaboration and reporting on results, not a goal in itself capable of eliminating duplication. For example, the RBM approach and introduction of the JWP have yet to result in the GM's disclosure of comprehensive budget data, as described more fully in the Evaluation Report. Furthermore, in the draft report prepared for the CRIC 9, the GM reported costs totalling an estimated 1,756,103 USD for the fulfilment of COP and CRIC reporting requirements for 2010 alone, including for preparation of the JWP and joint communication efforts. In comparison, so far the GM reported no expenditure in relation to the PRAIS process although in kind and other contributions may have been consented, and only 387,877 USD for direct NAP related activities.

49. Furthermore, both the GM and Secretariat were asked to report between COPs to the inter-sessional meeting of the CRIC, and an information task force was introduced at the working level whose purpose is to meet these reporting requirements. Although a step in the right direction, such efforts remain ad hoc and have often required the intervention of the GM Managing Director and Executive Secretary, in the absence of clearly defined roles and functions of the two bodies. Therefore, the current institutional setting, despite introduction of the RBM approach and JWP, does not oblige either the Secretariat or the GM to engage in a continuous, ongoing collaboration or cooperation, with the exception of the fulfilment of the various joint reporting requirements which require ad hoc cooperation.

50. Evidence has been produced in the JIU<sup>13</sup> and Evaluation Report<sup>14</sup> that shows conclusively that since its establishment, the GM has not reported to the COP fully on all of its finances, staff hiring, nor been subjected to UN audits, bringing into question the GM's accountability to the COP in compliance with the terms of the Convention and its housing Memorandum of Understanding (MoU).

51. Without the necessary disclosure from the GM on these and other issues, neither the COP nor mandated subsidiary bodies have been able to fulfil their respective mandates to exercise governance or oversight over the activities of the GM, nor have they been able to oversee the GM's role in mobilising financial resources or their appropriate use for implementation of the Convention

#### **D. Duplication due to the lack of coordination**

52. Examples of overlapping, duplication and lack of coordination between the GM and the Secretariat as made evident from the study of numerous documents presented to the COP, including independent evaluations and correspondence between the Secretariat and the GM. These have been dealt with extensively in the Evaluation Report from section II.B.3.e,<sup>15</sup> and include duplication of work and resources in areas such as:

(a) Advocacy, Awareness Raising, Communication and Education, Corporate identity and public portrayal of the Convention (operational objective one of the Strategy)

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<sup>13</sup> ICCD/COP(9)/9 JIU, 2009.

<sup>14</sup> ICCD/COP(10)/Inf.2.

<sup>15</sup> ICCD/COP(10)/Inf.2.



- (b) Resource Mobilisation Efforts of the Secretariat and GM (operational objective five)
- (c) Cooperation with GEF (operational objective five)
- (d) Cooperation on the 'Performance Review and Assessment of Implementation System' (PRAIS) project- (operational objective four)
- (e) Regional Coordination Mechanisms (RCMs) / Regional Coordination Units (RCUs)
- (f) Duplication of Human Resources<sup>16</sup>

## E. Governance and oversight of the GM as exercised by IFAD

53. The MOU has established an indirect reporting line from the GM Managing Director to the COP, through the President of IFAD in the first instance. In addition to the GM's various reporting requirements to the COP, according to the MoU and governing practices within IFAD, the GM is also required to submit reports to the IFAD Governing Council, Executive Board (EB), and is subject to decisions set out in IFAD Presidential Bulletins. For example, a 2006 decision of the EB, authorized the GM to disburse the funds accrued in its Special Resources for CCD Finance (SRCF) account "directly", thus no longer requiring that they be used for the development of National Action Plans (NAPs), nor with input from the GM Technical Advisory Group. The GM has not obtained the approval of the COP for this arrangement, nor has it even informed the COP of this arrangement. It may also be noted that even the MOU does not authorize IFAD's EB to grant the GM such rights contrary to the GM's duty, under the Convention, to be accountable to the COP.

54. However, since 2005–2006, no internal IFAD decisions of the Governing Council, Executive Board or the President appear to have been made governing the GM, and the informal Technical Advisory Group (TAG) and GM Advisory Group established by IFAD to advise and guide the GM, have been disbanded. The Facilitation Committee,<sup>17</sup> is the sole body constituted of external agencies that provide some advise to the GM over its activities, including over the use and disbursement of funds from its three accounts.. According to IFAD's Governing Body documents and internal consultations, it appears that IFAD's de facto oversight and governance over the GM has been limited to administrative matters, despite the above mentioned provisions of the MOU, which inter alia, refers to the GM as an organic part of the structure of the Fund directly under the President of the Fund. This has been confirmed by the IFAD senior management to the Bureau who has clearly and unequivocally stated that IFAD in no way currently exercises active oversight or guidance over the GM, but merely provides advisory services related to fiscal oversight to meet the requirements of the external auditors.

55. This situation led the JIU in its 2009 report to COP9 to conclude that "the current arrangements do not involve any accountability, oversight and/or coordination functions to be enforced by IFAD over the GM, as this is the prerogative of the COP." However, as pointed out above, the GM, **acting within the framework of the relations with IFAD established by the MOU**, continues to mobilize extra-budgetary financial resources in its second and Third Trust Funds and deploy these funds as it deems appropriate, outside the direction and oversight of the COP. The situation is made worse by the fact that under the

<sup>16</sup> For additional information revert to section H of the present report on "GM staff appointments without COP approval" and its table 2

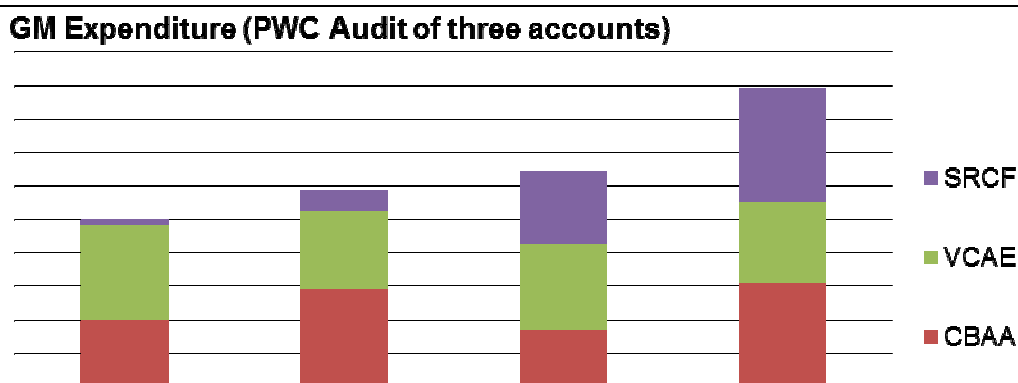
<sup>17</sup> Decision 25/COP.1 on Collaborative institutional arrangements in support of the Global Mechanism.

institutional arrangements made pursuant to the MOU, the Managing Director and staff of the GM are appointed by the President of IFAD and neither the COP nor the Permanent Secretariat have any say whatsoever in regard to their appointment and management.

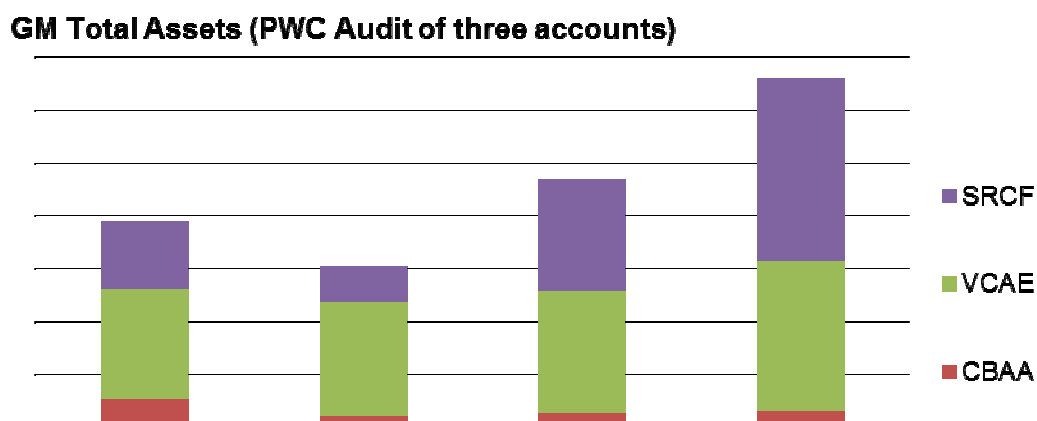
#### **F. Reporting by GM on its three accounts to the COP and IFAD/Audits**

56. Figure 2 below shows data for the GM's three accounts obtained through the audit reports prepared by Price Waterhouse Cooper (PWC). As specified in the MoU (Decision 10/COP.3), the GM has three accounts: the Core Budget Administrative Account (CBAA), a Special Resources for CCD Finance Account (SRCF) and a Voluntary Contributions Administrative Expenses Account (VCAE). The GM has only on one occasion reported to the COP9 in detail, but only on its first account (CBAA), by including a copy of the PWC audit report for 2007-2008. However, it appears that the GM has not reported to the COP or CRIC in detail on a considerable amount of financial resources mobilized over the last decade, including on the use of funds received for the second and third accounts (the VCAE and SRCF accounts) and especially on its total assets. Consequently, the GM has only reported to the COP in detail on less than five to seven percent of its total assets, and on roughly 25 to 35 percent of its total expenditure in the past. As confirmed during meetings with the GM, a majority of the remaining 75 to 65 per cent of the GM's budget is received primarily through bilateral agreements with donors, and is used by the GM for its operational expenses in relation to the IIFs/IFSs Programme. The draft report for presentation to CRIC9 in 2011 also indicates that over 50 percent of the GM's operational expenses for 2010 are dedicated to advisory services and related activities (estimated at 3.9 million USD) and another 25 per cent for the fulfilment of COP and CRIC reporting requirements and cooperation with the Secretariat (estimated at 1.8 million USD).

Figure 2  
GM Accounts Overview



GM Expenditure*	2006	2007	2008	2009
CBAA	2,007,696	2,919,031	1,686,733	3,113,290
VCAE	2,810,743	2,337,136	2,591,083	2,428,266
SRCF	189,700	599,066	2,165,551	3,368,114
<b>TOTAL(USD)</b>	<b>5,008,139</b>	<b>5,855,233</b>	<b>6,443,367</b>	<b>8,909,670</b>



GM Assets*	2006	2007	2008	2009
CBAA	2,643,696	1,059,314	1,319,831	1,489,252
VCAE	10,439,522	10,781,543	11,544,025	14,270,933
SRCF	6,344,110	3,324,896	10,570,796	17,279,951
<b>TOTAL (USD)</b>	<b>19,427,328</b>	<b>15,165,753</b>	<b>23,434,652</b>	<b>33,040,136</b>

CBAA = Core Budget Administrative Account  
 VCAE = Voluntary Contributions Administrative Expenses Account  
 SRCF = Special Resources for CCD Finance Account

\* Data retrieved from PriceWaterhouse Coopers account audits for the GM for 2007, 2008, and 2009.

## G. GM's Budget reporting inconsistencies

57. When comparing the budget reporting requirements of the GM - to the COP, to IFAD and to PriceWaterhouse Cooper for the annual audit - various inconsistencies appear, compounded by the lack of detail in the GM's reporting on the use of its funds in all three budget accounts.<sup>18</sup> This is exemplified by table 1 below, representing the data gathered on GM's reporting. For example, the GM reported an 2010–2011 estimated budget of 18.8 million USD to CRIC, 22.1 million USD to COP9 and 16.9 Million USD to IFAD. However, it is noted that comparison between GM reporting to the COP vs. IFAD (and for audits) is complicated as a result various accounting standards and audit cycles, for example *annual* reporting in USD to IFAD and PWC versus *biannual* reporting in EUR to the COP and CRIC. Minor inconsistencies have also been found in reporting to the COP; for example, the GM reported a total budget of 15,568,100 EUR for 2010–2011 in Decision 9/COP9, but detailed expenditures amounting to 14,666,209 EUR in its costed draft two-year work programme (COP(9)/5/Add.2), a discrepancy of almost 1 million EUR (or 901,891). Furthermore, inconsistent with the Convention financial rules, the GM has never been subject to standardised UN audits according to UN System Accounting Standards as the other Convention bodies are. This includes the requirements of providing consolidated account overviews, details of expenditures and received contributions, requirements to report on all potential liabilities, such as the ICJ and ILOAT court cases, and the auditors' provision of financial recommendations, all made publically available. It is also noted that the UN Office of Internal Oversight Services was commissioned to audit the "Financial Management of the UNCCD" in 2009, but did not consider the GM instead focusing on the Secretariat, the CST and CRIC.

Table 1  
GM Budget Reporting (USD): Figures and Sources

<i>GM Budget Reporting (USD)</i>	<i>2006–2007</i>	<i>2008–2009</i>	<i>2010–2011</i>	<i>TOTAL</i>
to COP* (total reported)	11,185,112	20,966,000	22,133,000	<b>54,284,112</b>
to IFAD ** (2011 not available)	NA	24,080,596	16,868,989	<b>40,949,585</b>
Audit***, Total Expenditures	10,863,372	15,353,037	NA	<b>26,216,409</b>
Audit***, Total Assets	34,593,081	56,474,788	NA	<b>91,067,869</b>
<b>Of which...</b>				
CORE (reported to COP*)	3,886,000	5,098,000	NA	<b>8,984,000</b>
CBAA (reported to Audit***)	4,926,727	4,800,023	NA	<b>9,726,750</b>
Extrabudgetary (COP*)	7,299,112	15,868,000	NA	<b>23,167,112</b>
VCAE+SCRF (Audit***)	5,936,645	10,553,014	NA	<b>16,489,659</b>
CBA = Core Budget Administrative Account (GM)				
SRCF = Special Resources for CCD Finance Account (GM)				
VCAE = Voluntary Contributions Administrative Expenses Account (GM)				
* Decision 9/COP9 , COP(9)/5/Add.2, Table 7, public documents;				
** Internal GM Memo to IFAD President, internal documents received from IFAD;				
*** Price WaterhouseCooper account audits (annual) for the GM for the years 2006–2009, received from the GM (were not located/ publically available).				

<sup>18</sup> See ICCD/COP(10)/Inf.2.

## H. GM staff appointments without COP approval

58. A further example of the apparent lack of COP oversight over the GM's budget and operations includes GM staff appointments financed through non-core budget accounts, as demonstrated in table 2 below. Currently, as many as ten (10) P level staff, which were not included in the GM's budget proposal for the 2010–2011 biennium, have been hired by the GM over the 2010–2011 biennium or earlier and are being funded through "extra-budgetary resources" or voluntary contributions without explicit COP approval. This practice, in addition to the fact that GM staff are appointed and administered by IFAD, appears to contrast to the COP Rules of Procedure; specifically rule 34, paragraph 2, which states that "the head of the Permanent Secretariat shall arrange for the provision of staff and services required by the Conference of the Parties and its subsidiary bodies, within available resources. The head of the Permanent Secretariat shall manage and direct such staff and services and provide appropriate support and advice to the presiding and other officers of the Conference of the Parties and of its subsidiary bodies" (Decision 1/COP.1). Article 23 of the Convention establishes the Permanent Secretariat and entrusts it with functions for supporting sessions of the COP and *all subsidiary bodies* of the Convention which includes the GM, as per OLA advise contained in ICCD/COP(9)/9/Add.2 (Annex II para 4 and 9)

Table 2  
GM Staff Positions as of September 2010

<i>2010–2011 GM Staff</i>	<i>GM Requested*/,**</i>	<i>COP Approved***</i>	<i>GM Appointed****</i>	<i>No COP Approval</i>
<b>D Level (Core)</b>	2	2	2	<b>0</b>
<b>P Level (Core)</b>	7	7	7	<b>0</b>
<b>P Level (EB)</b>	5	0	<b>10</b>	<b>10</b>
<b>G Level (Core)</b>	5 / 0**	5	5	<b>0</b>
<b>G Level (EB)</b>	1	0	0	<b>0</b>
<b>TOTAL</b>	<b>20 / 15**</b>	<b>14</b>	<b>24</b>	<b>10</b>

\* COP(9)/5/Add.2, table 5 (5 G staff requested from core budget);  
 \*\* ICCD/COP(9)/5, para. 23, table 3 (0 G staff requested from core);  
 \*\*\* Decision 9/COP.9, para. 5, table 2;  
 \*\*\*\* GM ToRs. NOTE: Current GM Staff: 2 D (1 D2, 1 D1), 17 P (3 P5, 4 P4, 6 P3, 2 P2, 2 P1), 5 G (4 G5, 1 G4), 14, not including consultants.

59. Evidence provided in the Evaluation Report discloses that the GM has not fully discharged its reporting and thus accountability obligation under the Convention to the COP and CRIC, which has resulted in a number of other governance problems. It is quite clear that without the necessary disclosure from the GM on these and other issues, the COP has not been able to fulfil its governance or oversight mandate over the activities of the GM, nor has it been able to oversee the GM role in mobilising financial resources or their appropriate use for implementation of the Convention. Examples include the following:

- (a) Lack of full budget disclosure to the COP
- (b) Lack of unified and integrated programme and budget for the entirety of the Convention institutions.
- (c) Lack of disclosure of account management procedures and other governing decisions approved by IFAD

- (d) Making staff appointments without COP approval or notification
- (e) Conclusion of institutional agreements by the GM without legal authority-direct or delegated
- (f) Lack of disclosure to the COP on legal issues arising from the ILOAT and ICJ court cases

60. The budget proposals submitted by the secretariat and the GM to COP9 provide further elements to the extent of which efficiency gains in terms of budget implications as well as improved efficiency could have been obtained.

61. In sum, the GM' current reporting (and staff hiring) practices, and the MoU which reinforces such practices, contradict:

(a) **The GM's core mandate** to "function under the authority and guidance of the (COP) and be accountable to it" and "report(s) to the Conference of the Parties... on its activities" (Convention, Art. 21, para. 4 and 5);

(b) **COP's core mandate** to "approve a programme and budget for (the Convention's) activities, including those of its subsidiary bodies" (Convention Art. 22, para, 2 (g));

(c) **Art. 22 of the Convention** which gives the COP the authority to "agree upon and adopt, by consensus, rules of procedure and financial rules for itself and any subsidiary bodies" (para. 2 (e));

(d) **The financial rules of the UNCCD**, established by the first COP, which "shall govern the financial administration of the COP... its subsidiary bodies and the Convention Secretariat" (Decision 2/COP.1);

(e) **COP Rules of Procedure**, which states that "the head of the Permanent Secretariat shall arrange for the provision of staff and services required by the Conference of the Parties and its subsidiary bodies... The head of the Permanent Secretariat shall manage and direct such staff and services and provide appropriate support and advice to the presiding and other officers of the Conference of the Parties and of its subsidiary bodies" (Decision 1/COP.1).

## V. The most suitable housing institution for the GM

62. As per the provisions of Decision 6/COP.9 paragraph 9 and in order to address the challenges at stake, the present section proposes possible options relating to the institutional arrangements for the GM.

63. The most suitable institution to house the GM should be identified taking into account core legal and institutional consideration against which to ascertain its comparative advantage. These should therefore build upon the existing legislative provisions and clearly demonstrate that the housing institution is in a position to clearly contribute, by its mandate and institutional positioning within the UNCCD architecture, to addressing in a systemic manner the issues of governance, reporting and accountability of the GM. In that perspective, the following is to be considered:

(a) Article 23 of the Convention establishes the Permanent Secretariat and entrusts it with functions for supporting sessions of the COP and all subsidiary bodies of the Convention which includes the GM. Furthermore, Rule 34.2 of the COP Rules of Procedure provides that "the head of the Permanent Secretariat shall arrange for the provision of staff and services required by the Conference of the Parties and its subsidiary bodies, within available resources. The head of the Permanent Secretariat shall manage and

direct such staff and services and provide appropriate support and advice to the presiding and other officers of the Conference of the Parties and of its subsidiary bodies” (Decision 1/COP.1);

(b) The Permanent Secretariat derives its separate legal standing law from the fact that it is established by the United Nations (as are the Secretariats of the UNFCCC and the CBD). ( See in this connection, UN General Assembly Resolution 47/188, 23 December 1994, A/RES/49/234; UN General Assembly Resolution 241/27, 12 September 1994, A/AC.241/27; see also “Response from the UN Office of Legal Affairs” in ICCD/COP(9)/9/Add.2 Annex I and II.) The UN Office of Legal Affairs has concluded that the GM has no legal standing on its own, except to the extent that such standing has been expressly conferred by the President of IFAD;

(c) Facilitates full implementation of a Delivering as One policy, in accordance with the provisions of the Convention, and closer interaction with other bodies of the Convention;

(d) The housing institutions should put an end to the dual supporting structure which has resulted in serious institutional dissonance, inefficiency, in effectiveness and the removal of the GM from the oversight and direction of the COP and improve corporation and coordination among Convention bodies, in particular the GM and the Permanent Secretariat, single line of accountability to the COP and improved reporting;

(e) The housing institutions should ensure economy of scale in management and institutional efficiency brought about through unification and implementation of the Convention as a whole, which could result in long-term savings;

(f) Greater use of economy of scale in managing financial and human resources more efficiently (consolidated financial and HR administration); more efficient use of human resources and some savings in transactions costs (communication, IT, HR, etc.);

(g) The housing institutions should improved use of resources mobilised for implementation, in the new context of the GEF serving as a financial mechanism of the UNCCD;

(h) The housing institutions should enhance future resource mobilisation for the convention arising from greater stakeholder confidence in the Convention bodies to act cohesively and collectively;

(i) The housing institutions should minimize the cost to the convention in terms of a loss of international credibility and confidence in the convention institutions, which cannot be easily quantified;

(j) Proposal will not entail an amendment of the Convention and could be effected through a decision of the COP under Article 27 of the Convention.

64. According to the above and based on the provisions of article 21 (6) of the Convention, the permanent secretariat may fulfil the requirements of a house institution for the GM.

## **VI. Alternative arrangements and their potential for addressing the underlying causes of the issues identified**

65. As per the provisions of Decision 6/COP.9 paragraph 9, the options considered hereafter take into account and further build upon the scenarios presented in the JIU assessment of the GM.

## A. Proposal 1: Improving the status quo

66. The **First Proposal** considers measures for the strengthening of the status quo between the Secretariat and GM, without the introduction of any “procedures or institutional mechanisms” to resolve governance issues. Suggested measures include clarification of the role and mandate of the GM in terms of fund-raising; formalisation of the Joint Work Programme’s Task Force; ensuring that the JWP addresses all common areas of work and focuses on results; consolidation of the reporting requirement of the subsidiary bodies; and requiring joint advocacy/outreach efforts and representation. This might also include re-establishing an advisory body for the GM, possibly through the CRIC as well as direct communication with the IFAD President with a view to reviewing of the MoU to remove inherent contradictions and inconsistencies, as further discussed in the next proposal. However, this proposal is considered weak and unlikely to succeed given the GM’s firm view that it is entitled, under the Convention and the COP-IFAD MoU, to act as an independent entity. It is likely to be a repetition of the efforts made thus far by the COP to promote cooperation between the Secretariat and the GM, which, unfortunately does not seem to have yielded the desired results.

## B. Proposal 2: Introduction of a procedural/institutional mechanism to facilitate the effective implementation of the Convention (Senior Management Team)

67. The **Second Proposal**, while supported by the measures introduced in the first proposal, introduces procedures and institutional mechanisms, which may be considered by the COP within the framework of Art. 27 of the Convention, and entails the creation of a Senior Management Team (SMT) comprising the Executive Secretary (head), Managing Director of the GM and the Chief of Administration of the Secretariat (possibly, the Deputy Executive Secretary) to take collective decisions on basic policy issues relating to the implementation of the Convention, including programme development, budget and resource mobilization, communications and administration, within their respective areas of competence and mandates. Under this arrangement, the Secretariat and GM would report to the COP in a consolidated manner through the Executive Secretary whereas CRIC will continue to review and advice on the reports submitted to it and the Committee on Science and Technology (CST) will continue to consult with the Executive Secretary, the Secretariat and the GM on matters within its mandate. This institutional mechanism, to ensure effectiveness, would also entail the revision or re-negotiation of the MoU between the COP and IFAD to echo the new relationship, by removing indirect lines of accountability and reporting by the GM, through the President of IFAD. It will not, however, require any amendment of the Convention. The necessary arrangements could be made through a COP decision adopted within the powers vested in the COP by Article 27. Under this proposal, GM would continue to operate from the IFAD offices in Rome. The organigram below represents the institutional mechanism suggested through the introduction of a SMT in relation to the Convention bodies. It also highlights the Secretariat’s and GM’s respective mandates, as defined in the Convention, and those overlapping areas of work introduced through various COP decisions.

68. The procedural and institutional mechanism proposed in this scenario, namely the introduction of a Senior Management Team, is predicated on the COP adopting a decision in which it:

(a) **Creates a systemic, institutional arrangement at the managerial level**, in accordance with Article 27 of the Convention, for the Secretariat and the GM to take collective decisions relating to the above matters, under the guidance and direction of the



COP, through the creation of a Senior Management Team and empowering it to take collective, cohesive decisions on the basis of the UN Delivering as One policy. The principal areas of their focus of the SMT will include preparation of policy proposals for submission to the COP for the collective implementation of the Convention as a whole (regional work programmes, fund-raising strategy, communication strategy, etc.), preparation of the programme of work of the Convention as a whole (four-year work plan); and the preparation of the budget for the Convention as a whole (costed two year work programme).

**(b) Introduction of a clear line of institutional management:** The SMT would be held responsible for taking collective policy decisions within the framework of which, activities will be carried out by the various convention bodies for the development and implementation of the programme of work of the Convention as a whole, under COP guidance and direction.

**(c) Joint decision making and division of roles and responsibilities:** The SMT would take collective decisions to ensure effective oversight and management of the work of the GM and the Secretariat, for implementation of the Convention as a whole. The COP might also wish to mandate the SMT to take decisions on basic policy issues relating to implementation, administration and human resources, budget including strategic decisions on the mobilisation and allocation of resources, subject to CRIC review followed by COP approval. The SMT should also make efforts to clarify, on an ongoing working level, the respective roles and responsibilities of the GM and Secretariat introduced in various shared COP decisions with a focus on overlapping areas of work, as proposed in the middle box in the Organigram,. However, the GM and the Secretariat will continue to have the authority to act within their respective mandates as provided by the Convention, within the framework of collective policy decisions taken by the SMT. Both will continue to be held directly accountable to the COP, in fulfilment of their respective mandates.

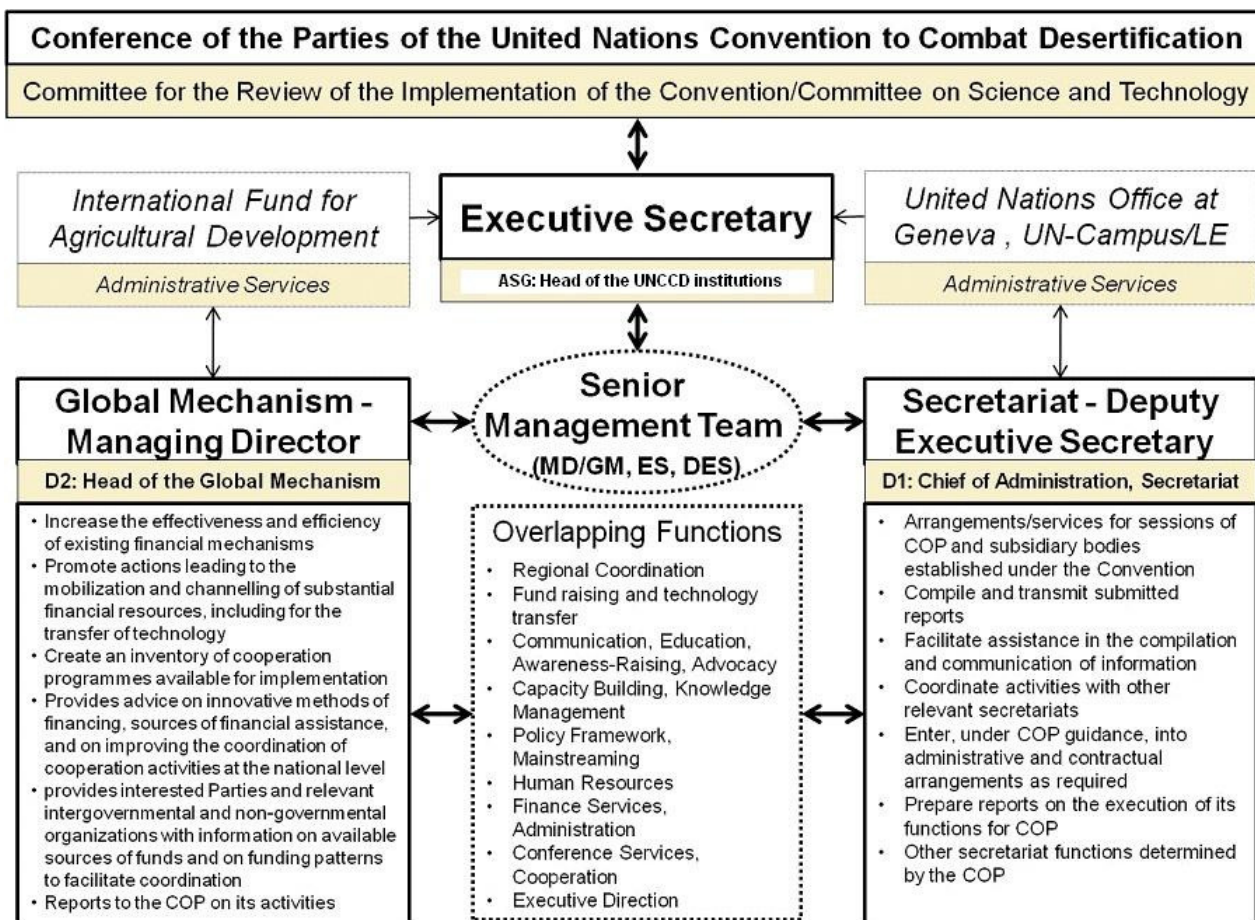
**(d) Mandates the Executive Secretary, acting under the authority of the COP, to report directly** on all matters relating to the implementation of the Convention as a whole, thus relieving the IFAD president of this responsibility (requires amendment of the MoU);

**(e) Reinforces the GM's direct accountability to the COP** for all issues falling within its mandate; for example, through Decisions 6/COP.9, para. 8, which requests direct representation of the GMs at all COPs;

**(f) Clarifies the respective functions arising out of the mandate of the Secretariat and the GM,** in particular relating to resource mobilization, normative functions, capacity building and technology support, and communication/ awareness raising;

**(g) Allows for each body to function with full independence in their respective areas of competence** according to mandate and within the framework of their collective decisions;

**(h) Provides for the monitoring** of this arrangement through the COP/CRIC.



**C. Proposal 3: Revision of the MoU, assimilation of staff and accounts, without physical relocation of the GM**

69. The Third Proposal which builds on the Second Proposal calling for the establishment of a Senior Management Team requires, *in addition*, the assimilation of the human and financial resources of the GM with those of the Secretariat. This would ensure that all staff are treated as Convention staff and GM accounts are administered, as those of the Secretariat, by the UNOG or another agreed body. Under this proposal, the GM will continue to remain in Rome, physically housed by the IFAD, as an out-posted office of the Secretariat. Such an approach will not require an amendment of the Convention.

70. IFAD’s support to the GM under this proposal will be limited accordingly to the provision of office space, equipment and facilities, thereby relinquishing it of all other obligations. This Proposal would be a significant step closer to resolving the problems of governance, leadership, duplication, accountability, reporting to the COP and lack of corporation and coordination between the GM and the Secretariat.

71. The adjustment to IFAD service provision referred to in paragraph 70 above will require an amendment to the existing MOU. It should be noted however that the MoU is to be re-negotiated at the request of the IFAD, due to recent events, in particular, the decision of the Administrative Tribunal of the International Labour Organization (ILOAT) in the matter relating to the discontinuation of a GM staff member. In this case, the ILOAT decided that “the administrative decisions taken by the Managing Director in relation to

*staff in the Global Mechanism are, in law, decisions of the Fund*". This decision is currently being appealed by IFAD in the International Court of Justice. Against this background, the COP is likely, sooner or later, to give serious consideration to the value-added of the GM remaining "housed" by IFAD in Rome, separated from the Secretariat, with services provided by IFAD limited to office space (for which, in any case, the COP pays a contribution) and the financial management of its three accounts. The COP should also take into full consideration IFAD's announcement to the Bureau at its February 2011 session of its intention to continue to provide these services to the GM if required, however on a full cost recovery basis.

#### **D. Proposal 4: Termination of the MoU, full integration of the GM with physical relocation to Bonn**

72. Finally, the **Fourth Proposal** seeks, through the integration of the GM within the Secretariat structure, to secure full integration of the GM within the framework of the Convention together with the Secretariat and other subsidiary bodies of the Convention. This option will not require an amendment of the convention as it will safeguard the separate identity and functions of the GM. It will however require the relocation of the GM to Bonn, according to a timeframe to be set by the COP. This proposal would effectively discontinue the current MoU with IFAD.

#### **E. Conversion to a desertification fund**

73. The recent designation of the Global Environment Facility (GEF) as a financial mechanism of the UNCCD, for all practical purposes, effectively renders any further consideration of this scenario impracticable, at least before the completion of The Strategy timeframe. According to questionnaires, personal interviews and correspondence as part of the current assessment undertaken with key stakeholders, there is currently no support for this option, nor is it likely that support could be garnered in the near future. Furthermore, the conversion of the GM into a fund would entail a substantive redefinition of the mandate of the GM and consequently **suggests the need to amend the Convention.**<sup>19</sup>

### **VII. Possible action to be taken by the COP 10**

74. In view of the above, the Conference of the Parties may wish to:

(a) Take a decision regarding the implementation of one of the proposals listed under section VI above on "Alternative arrangements and their potential for addressing the underlying causes of the issues identified".

(b) Review and as necessary amend the 1997 MOU between the COP and IFAD, as provided for in its Section VII (D): "The present Memorandum of Understanding may be revised by mutual consent in writing between the Conference and the Fund";

(c) Take in addition a decision requesting the Executive Secretary to undertake an analysis of COP decisions related to the GM with a view to eliminating inconsistencies and redundancies.

<sup>19</sup> ICCD/COP(9)/9 JIU, 2009 para 186 to 192, Decision 6/COP.9 in [ICCD/COP\(9\)/18/Add.1 and ICCD/COP\(10\)/Inf.2](#).

## Annex I

### **List of INF documents to be submitted to the Conference of the Parties at its tenth session**

1. Consultants' report on the evaluation of the Global Mechanism to the Bureau of the Conference of the Parties at its ninth session (ICCD/COP(10)/INF.2)
2. The Global Mechanism case before the International Court of Justice (ICCD/COP(10)/INF.3)
3. Statement by the International Fund for Agricultural Development on the consultants' report on the evaluation of the Global Mechanism (ICCD/COP(10)/INF.4)
4. The response of the International Fund for Agricultural Development (ICCD/COP(10)/INF.5)
5. The management response of the Global Mechanism (ICCD/COP(10)/INF.6)
6. The report of the Executive Secretary on office space availability and eventual costs (ICCD/COP(10)/INF.7)
7. The 2009 Joint Inspection Unit report (CCD/COP(9)/9 JIU, 2009)
8. Advice by the Office of Legal Affairs (ICCD/COP(9)/9/Add.1, ICCD/COP(9)/9/Add.2, plus the Memorandum dated 24 February 2011, as annexed to ICCD/COP(10)/INF.3.

## Annex II

### List of abbreviations

CBAA	Core Budget Administrative Account
CBD	Convention on Biological Diversity
COP	Conference of the Parties
CRIC	Committee for the Review of the Implementation of the Convention
CSEA	Consolidated Strategy and Enhanced Approach
CST	Committee for Science and Technology
DG	Director General
EB	Executive Board
GEF	Global Environment Facility
GM	Global Mechanism
HR	human resources
ICJ	International Court of Justice
ILO	International Labour Organization
ILOAT	Administrative Tribunal of the International Labour Organization
JWP	Joint Work Programme
IFAD	International Fund for Agricultural Development
JIU	Joint Inspection Unit
MoU	memorandum of understanding
NAP	national action programme
RBB	results-based budgeting
RBM	results-based management
RCMs	Regional Coordination Mechanisms
RCUs	Regional Coordination Units
SMT	Senior Management Team
SRCF	Special Resources for CCD Finance Account
STAR	System for the transparent allocation of resources
TAG	Technical Advisory Group
UNCCD	United Nations Convention to Combat Desertification
UNDP	United Nations Development Programme
UNFCCC	United Nations Framework Convention for Climate Change
UNOG	United Nations Office at Geneva
VCAE	Voluntary Contributions Administrative Expenses Account